

June 9, 2011

California Department of Water Resources  
Division of Integrated Regional Water Management  
Financial Assistance Branch  
Post Office Box 942836  
Sacramento, CA 94236  
Attn: Trevor Joseph

Dear Mr. Joseph,

We are writing on behalf of the Inyo-Mono Regional Water Management Group in response to the California Department of Water Resources Proposition 84 Round 1 Implementation preliminary funding recommendations. We request that DWR reconsider its preliminary funding recommendations and provide all or a portion of the funding requested within the Inyo-Mono Implementation proposal.

The Inyo-Mono IRWM region comprises close to 11% of the land area of the state of California and more than 50% of the Lahontan funding region. The geography is both spectacular and diverse. The socioeconomic setting is overwhelmingly rural, and the vast majority of communities are economically disadvantaged. The Inyo-Mono Region is challenged with antiquated infrastructure, critical water quality and supply issues, and threats from invasive species that have the potential to negatively impact watersheds throughout the region. Numerous small disadvantaged communities currently have no choice but to either purchase bottled drinking water or consume water that fails to meet State-regulated drinking water standards. Other communities have but one common potable water source that residents depend on. There are public schools that do not have potable water for students and others that have had to close due to a lack of a back-up well/water supply. Additional antiquated infrastructure is prevalent, resulting in significant threats to local water supplies and the environment from potential sewage spills. There are increased threats of wildfires in the region, and old and dysfunctional wells and water storage facilities are not adequate to provide fire-fighting capabilities. The health of residents and surrounding environments within the Inyo-Mono region are being compromised due to the lack of adequate resources to address such basic water-related needs. Ironically, some of the more rural and/or disadvantaged communities that lack the resources to develop polished project proposals are, at the same time, paying fines for having water systems that are out of compliance, thus further reducing the resources available to seek remedies.

In response to the needs of the region, the Inyo-Mono Regional Water Management Group (RWMG, or Group) was formed just over three years ago with the goal of establishing a collaborative, inclusive planning process, and through such a process, proactively addressing the dire needs associated with water resources in the region. The Inyo-Mono RWMG has, with extremely limited resources, accomplished a tremendous amount to date, including most recently completing a successful Planning Grant application, completing and approving the first ever Inyo-Mono IRWM Plan, and completing what we had hoped would be a successful Implementation funding proposal. To clarify, the Inyo-Mono Phase I Plan was developed and adopted without Planning Grant funds, due to the budget freeze of late 2008 and the delay of Planning Grant funding availability. At the time, the RWMG was very concerned that the budget freeze would halt the excellent momentum of the Group. So instead of waiting for Planning Grant funding to become available, the Group decided to move ahead in the planning process and write the

Phase I Plan with only the assistance of small donations from several RWMG Members and financial support from a conservation NGO. DWR's preliminary funding recommendations dealt a crushing blow to the stakeholders in our region.

From the Group's inception, there has been a concerted effort to adhere to what is believed to be the true intent of the Prop. 84 IRWM Program: A regionally-driven planning process that engages a wide array of interested stakeholders, including those from public and private water sectors, Native American Tribes, non-profit environmental organizations, and members of disadvantaged communities, identifies priority water related needs, develops resource management strategies, and pursues funding to implement projects in response to the needs of the region. A longer-term goal of the Inyo-Mono RWMG is to build our regional capacity to become more self-sufficient and more effective in responding to the needs of the region itself. After more than three years of devoted work that has included convening more than 65 stakeholder meetings and working consistently with 27 signatories to the Inyo-Mono Memorandum of Understanding and many more participants from the region, it was incredibly disheartening to receive a funding recommendation of \$0. The low score given to the Inyo-Mono Implementation proposal was largely a function of the quality of the various projects' economic analyses. Making the economic analyses that much more difficult is figuring out how to assess the value of healthy children, the means to achieve a basic education, or the ability to simply have potable drinking water within a given household.

The bottom line is that rural and largely disadvantaged regions, such as the Inyo-Mono, simply do not have the resources to devote to developing highly-polished grant proposals. Yet this is in no way indicative of our commitment to addressing the high-priority water needs of the region and to working closely with dozens of stakeholders to improve water supply, water quality, and ecosystem health throughout the region. Indeed, much of the first three years of the Inyo-Mono effort has focused on reaching out to and building relationships among stakeholders and learning about the goals, objectives, and needs of the entities such stakeholders represent.

While it is understood that Proposition 84 regional funding allocations are based on population densities, the decision to allocate funding in such a manner neglects the criticality and importance of the source of waters that supply the large metropolitan and urban centers of the state. The Inyo-Mono region is extremely rural and subsequently has a low population density which in turn resulted in the lowest Prop. 84 IRWM funding allocation for any region in the state (Lahontan). Yet, the headwaters within the Inyo-Mono region provide, on average, more than 300,000 acre-feet of water to the City of Los Angeles annually: This year the Inyo-Mono Region will be the source of urban water to almost three (3) out of four (4) residents residing within the Los Angeles city limits. While other factors are in play, it is ironic that the more densely populated southern California IRWM region received \$25,000,000 in Implementation funding, one-eighth of the total state-wide allocation, while the region responsible for the majority of water supporting the southern region itself received \$0 funding.

In response to the funding recommendations, what follows is a series of comments that begin with bigger-picture process oriented issues. Following are specific comments provided in response to the evaluation of the Group's Implementation proposal.

- At the end of Table 5 (Supplemental Scoring Criteria and Scoring Standards) in the Implementation PSP, there is an additional category for "Funding Area Balance Points". The Group understands that the awarding of these points was discretionary, but it was also our understanding that, according to the PSP, the points would be considered for funding areas in which more than one IRWM region exists. As it currently stands in the Lahontan funding area, two IRWM regions (Mojave and Tahoe-Sierra) have been in existence for several years and received Proposition 50 Implementation funding. The other two (Antelope Valley and Inyo-Mono) are newer efforts and have not yet received any Implementation funding. Therefore, we

feel that the Inyo-Mono Implementation proposal should be awarded at least a portion, if not the full five points, on this basis.

- By specifying categories for the economic analyses (water supply, water quality, and flood damage reduction), DWR is effectively dictating what types of projects must be included in the Implementation proposal, and thereby minimizing the region-specific priorities. Doing so appears contrary to the intent of the Prop. 84 IRWM Program promoting regionally defined priorities. The projects prioritized for Round 1 Implementation funding by the Inyo-Mono RWMG largely focused on improving water quality and water supply reliability. Flood management is simply not a major issue in the Inyo-Mono region. Please see the specific response to the Economic Analysis – Flood Damage Reduction section. Is it justified that because our priorities do not include flood-damage reduction projects our score is lower relative to those regions that do so?
- There was specific emphasis in the Implementation Proposal Solicitation Package on Disadvantaged Communities (DACs) and projects serving those communities. Points were awarded in the Program Preferences category for projects that address water supply or water quality needs of DACs. However, this requirement was just one of many within this criterion, and it does not seem to give additional weight to DAC projects. This method of providing scoring for DAC projects does not reflect the emphasis on addressing DAC needs within the IRWM program.
- The Inyo-Mono region had several other projects from DACs and Native American Tribes queued up for this round of Implementation funding; however, many of the project proponents were not able to complete their applications due to lack of resources (monetary, technical, etc.). The long-term goal of the RWMG is to build capacity not only for project and proposal development, but also for finding resourceful ways of addressing priority water needs.
- In addition to communities that meet the quantitative definition of DACs, there are numerous small, rural water purveyors within the region that are governed by volunteer boards and often lack the resources to prepare competitive project applications. While these water systems are not considered economically disadvantaged, they are disadvantaged when it comes to competing with larger urban water systems for funding. We would ask that this be taken into consideration when awarding Implementation funding.
- According to a survey conducted by the IRWM Roundtable of Regions (RoR) in early 2011, among the 27 IRWM regions that responded to the survey, the *average* cost to prepare a full Implementation proposal for Round 1 Prop. 84 Implementation was \$115,053. The *average* cost for each project proposal application was \$16,500. For a rural and largely disadvantaged region like the Inyo-Mono, these costs are simply too high. However, there are other regions within the same funding area that do have such resources and therefore, the Inyo-Mono region is at a continual competitive disadvantage. While the goal is to build internal capacity, doing so will take many years. Meanwhile, there are schools without potable drinking water, communities with a single source of potable drinking water, and continued degradation of antiquated infrastructure. Therefore, **it is very important that project funding is made available during Round 1 to the region to begin to address these needs and to maintain the momentum of the Inyo-Mono planning process.**
- Of those regions that responded to the RoR survey and also applied for Round 1 Prop. 84 Implementation funding (20 regions), *eighteen* regions employed consultants to prepare their Implementation applications (and two did not, including Inyo-Mono). For many regions, this included hiring a professional consultant to assist with the economic analysis. In the Inyo-Mono region, individual project proponents prepared their own project applications, including the economic analysis, and IRWM Program Staff coordinated the individual applications and assembled the overall proposal. Once again, the region was at a competitive disadvantage relative to other regions within the Lahontan Funding area.

- **It is not the intention of the Inyo-Mono RWMG to begin employing consultants to prepare applications but rather to build capacity within the region,** both among project proponents (including DACs, Tribes, and small rural water purveyors) and within the Program Office, to prepare competitive, high-quality applications.

### **Specific Feedback:**

#### Work Plan (Score: 9/15)

1. The evaluation states that this criterion “is not supported by thorough documentation or sufficient rationale.” There was little guidance from DWR during the proposal development process about what constituted sufficient supporting documentation. When asked directly, one DWR representative told the Program Office that project proponents should provide the supporting documentation they felt was necessary to justify their project(s). Thus, each project proponent decided how much supporting documentation to provide. More specific guidance on what kind of documentation is necessary to provide sufficient rationale would be helpful in future rounds of implementation funding.

2. Another comment in the Work Plan evaluation was that “some projects were lacking in detail (Projects 1 and 11).” Project 1 (Safe Drinking Water and Fire Water Supply Feasibility Study for Tecopa, California) is a very straightforward feasibility study project. In the description of this project in the Work Plan document, not only is there a basic description of the project in the Abstract, but there are two sub-sections under the Task section (Tasks to be Performed by Consultant and Tasks to be Performed by Amargosa Conservancy) that delineate step-by-step the process of the study, from consulting local stakeholders to contracting with a consultant, performing the work, and preparing monthly, quarterly, and final progress reports (p. 11 of the Work Plan).

Project 11 (Water Meter Installation Project – Final Phase) is also a fairly straightforward project (installing water meters in a small community) and is in the final phase of a larger effort to install water meters throughout the community. The project proponent lists tasks by budget category in the Work Plan and provides the amount of detail thought to be necessary to explain and justify this project (p. 70-71 of the Work Plan).

3. Several projects were listed as “missing deliverables” (Projects 3, 8, and 13). It is not clear in the evaluation whether deliverables refers to the outcomes of a project or to specific reports submitted to DWR (as stated in the Implementation PSP). Project 3 is the Round Valley Joint Elementary School’s water supply reliability enhancement project. The deliverables (outcomes of the project) are indirectly stated in the Abstract: “...provide a reliable water supply for Round Valley School ...” and “...provide more adequate water for structural fire protection by providing access to an irrigation ditch on the neighboring property” (p. 21 of the Work Plan). These deliverables could have been called out more clearly in a section labeled “Deliverables” or within each task description; however, it is not accurate to state that deliverables were missing altogether.

Project 8 (Secondary Water Tank Construction Project – Birchim Community Services District) specifically calls out deliverables in several of the task categories (Administration; Labor Compliance Program; Reporting; Engineering Plans, Specifications, and Estimates; Environmental Processing; and Construction Administration) (p. 48-50 of the Work Plan).

Project 13 (Wastewater Treatment Plant Upgrades – Phase I): Tasks 1 and 3 call out reporting deliverables to DWR (p. 78-79 of the Work Plan).

4. The evaluation stated that “progress reports are not included for Project 1 [Safe Drinking Water and Fire Water Supply Feasibility Study for Tecopa, California].” In fact, in the Tasks section of the Work Plan for Project 1, the project proponent specifically calls out monthly progress reports and a final report from the consultant to the Amargosa Conservancy, as well as quarterly reports to the Inyo-Mono RWMG and DWR and a final report on the feasibility study (p. 11 of the Work Plan).
5. The reviewers point out that detail is lacking in some of the task descriptions for Project 11 (Water Meter Installation – Final Phase). The reviewers are correct in that the number of water meters to be installed is not stated, and such detail would help to provide a more complete description of the project and its justification. The Inyo-Mono Program Office appreciates this feedback and, in general, will strive to include more detailed descriptions of tasks in future funding proposals.
6. The reviewers made a comment about subtask 9.3 on p. 76 (Project 12) being a question. Since the category of this subtask is “Performance Testing and Demobilization”, the question refers to how to ensure that any given water meter is working. However, it is recognized that this subtask could have been worded more clearly.
7. The final comment in the Work Plan section refers to providing sufficient technical and scientific information to “support the feasibility” of the projects. More specific guidance on what level of detail is “sufficient” would have been helpful.

#### Budget (Score: 3/5)

1. The general comments in this category referred to the lack of supporting documentation. While this may be true for many of the 15 projects, the Inyo-Mono Program Office would still request more specific guidance from DWR regarding supporting documentation.
2. The evaluation stated that Projects 5, 9, and 15 lacked any backup documentation for their budgets. For Project 5 (Well Rehabilitation – Phase I), the budget numbers could have included more justification. For Project 9 (Brackish Water Resource Study), the budget justification was provided in the Work Plan Outline on p. 61 of the Work Plan, although the costs for each budget category were not clearly stated in the Work Plan Outline. Project 15 (Town of Mammoth Lakes Stormwater Master Plan Development and Implementation) does not specifically include any budget description or justification.
3. The evaluation also stated that several of the projects “did not provide task budgets reflecting the work items in the work plan.” Each of the project proponents utilized Table 7 as it was presented in the Implementation PSP and did not necessarily break costs down by task within the budget category. Responses for each of the projects are enumerated below:

Project 1 (Safe Drinking Water and Fire Water Supply Feasibility Study for Tecopa, California): The tasks in the Work Plan were not laid out to directly match up with the budget categories in the project budget, but all of the work for this feasibility study is clearly described in the Work Plan (p. 10-11).

Project 2 (Coleville High School Water Project): The tasks in each of the relevant budget categories were clearly described in the Work Plan (p. 16-20) and organized with the same headings as the budget. Only budget categories “g” (Other Costs) and “h” (Construction/ Implementation Contingency) were not specifically described in the Work Plan; the costs in budget category “g” are described in the budget (Table 7) itself.

Project 5 (Well Rehabilitation – Phase I): The applicant for this project only listed the tasks within budget categories that were relevant to this project. This is evident when looking at the categories in

Table 7 that include project costs. Again, budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs in budget category “g” are described in Table 7.

Project 6 (Pump Operation Redundancy and SCADA Improvement Project): The table starting on p. 40 of the Work Plan clearly describes the tasks for the project within each relevant budget category, using the Work Plan outline provided in the Implementation PSP. A breakdown of the costs within each category is provided below Table 7 in the Budget. Budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs for these categories are described directly in Table 7.

Project 7 (CSA-2 Sewer System Upgrade Project): The table starting on p. 44 of the Work Plan clearly describes the tasks for the project within each relevant budget category, using the Work Plan outline provided in the Implementation PSP. A breakdown of the costs within each category is provided below Table 7 in the Budget. Budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs for these categories are described directly in Table 7.

Project 8 (Secondary Water Tank Construction Project – Birchim Community Services District): The project proponent described clearly in the Work Plan the work to be completed for each task but did not clearly categorize them according to the budget categories in Table 7. However, the task headings themselves are those that are suggested in the Work Plan outline. A breakdown of the costs for each budget category is provided in Table 7 itself.

Project 9 (Brackish Water Resource Study): The table starting on p. 61 of the Work Plan clearly describes the tasks for the project within each relevant budget category, using the Work Plan outline provided in the Implementation PSP. A breakdown of the costs within each category is provided below Table 7 in the Budget. Budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs in budget category “g” are described directly in Table 7.

Project 10 (Laws and Lone Pine Tank Project): The table starting on p. 67 of the Work Plan clearly describes the tasks for the project within each relevant budget category, using the Work Plan outline provided in the Implementation PSP. A breakdown of the costs within each category is provided below Table 7 in the Budget. Budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs for these categories are described directly in Table 7.

Project 11 (Water Meter Installation Project – Final Phase): Beginning on p. 70 of the Work Plan, the project proponent provides a clear description of the tasks within each budget category. Not all budget categories were used, as is evident in both the Work Plan and Table 7 Budget, and the order of budget categories was changed. Furthermore, in the Work Plan, the proponent includes a description of Planning/Design/Engineering/Environmental Documentation tasks, but none of these tasks requires funding, so they were not included in the budget. Also, the description of budget category “c” in Table 7 (Other Costs) is provided directly in Table 7 and not in the Work Plan. Thus, the letters assigned to each budget category in the Work Plan do not match the letters assigned to each budget category in Table 7.

Project 12 (Lone Pine, Independence, and Laws Water Meter Project): The table starting on p. 75 of the Work Plan clearly describes the tasks for the project within each relevant budget category, using the Work Plan outline provided in the Implementation PSP. A breakdown of the costs within each category is provided below Table 7 in the Budget. Budget categories “g” and “h” were not specifically addressed in the Work Plan, although the costs for these categories are described directly in Table 7.

Project 13 (Wastewater Treatment Plant Upgrades – Phase I): Beginning on p. 78 of the Work Plan, the project proponent provided a clear description of the tasks within each budget category. Not all budget categories were used, as is evident in both the Work Plan and Table 7 Budget, and the order of budget

categories was changed. The description of budget category “d” in Table 7 (Other Costs) is provided directly in Table 7 and not in the Work Plan. Thus, the letters assigned to each budget category in the Work Plan do not match the letters assigned to each budget category in Table 7.

Project 14 (Inyo/Mono Watersheds Invasive Weed Control Project): The tasks in this project are part of an ongoing effort to manage invasive weeds in Inyo and Mono Counties. Thus, the task list and budget categories are simplified as compared to many of the other projects in this application. In the Work Plan (p. 82–83), the project proponent provides a simple list of tasks for budget categories “a” and “d”. The costs for these tasks are reflected in Table 7. Table 7 also includes costs in budget category “g”, which are explained directly in Table 7.

#### Schedule (Score: 3/5)

The evaluation of the proposal schedule mostly focuses on the presentation of tasks in the project schedules not aligning with the presentation of tasks in the individual work plans. While all project schedules organize individual tasks within the same overarching categories, it is true that these categories do not always match up directly with the categories of tasks presented in the work plans. We would request more specific guidance from DWR in future Implementation PSPs regarding organization of proposal and project schedules, perhaps including a schedule template that mirrors the categories of tasks used in the Work Plan template and the Table 7 Budget Categories. The guidance in the Round 1 Implementation PSP for schedules (Attachment 5) was minimal, and it was not clear that the tasks in the Work Plan had to match up directly and explicitly with, and in the same order as, the tasks in the Schedule.

#### Monitoring, Assessment, and Performance Measures (Score: 2/5)

1. The first part of the evaluation for this section states that “the project goals do not correspond with the goals and objectives identified in the proposal.” The goals presented for the overall Implementation proposal are (1) to secure funding for priority water-related issues and needs within the Inyo-Mono region, and (2) to build human and institutional capacity. Thus, each of the 15 projects implicitly addresses the first goal, even if it is not stated directly in its Monitoring, Assessment, and Performance Measures table, and many of the projects address the second goal. Furthermore, each of the projects directly addresses one or more of the six regional objectives described on p. 1 of the Work Plan. It was not clear from the PSP that the Project Goals section of Attachment 6 should directly refer to the regional goals and objectives. Instead, each project proponent listed the specific and relevant goals to the project itself – again, all of which are contained within one or more of the regional objectives.

2. In the evaluation, it was stated that “Project 1 does not include the required ‘targets’ category.” This statement is correct and was likely an oversight.

3. In the evaluation, it was stated that “Projects 5 and 8 [do not] include output indicators.” Project 5 (Well Rehabilitation – Phase I) is a preliminary study to develop future groundwater supply improvements; therefore, there is no need to “effectively track output”, other than the project deliverables described in the Work Plan and Attachment 6 table. Greg Norby, General Manager for the Mammoth Community Water District, provided this response in his public comment letter to the evaluation of Project 5 with respect to Attachment 6: “Project 5’s outcome is completion of one major well profile, and the Phase I report. There is no need for quantitative ‘measurement tools and methods’. The Project 5 application clearly lists these deliverables. Following implementation of actual well modifications (screen intervals, etc.), the assessment of the long term improvements in water quality can begin. That work is not part of the grant funded project, as clearly explained in the work plan and project description.”

Holly Gallagher, Birchim Community Services District Board Member, provided this explanation in her public comment response to the evaluation with respect to Attachment 6 in Project 8 (Secondary Water Tank Construction – Birchim Community Services District): “The Project evaluation states that Project 8 does not include output indicators. Output indicators were considered not applicable to this project. Construction of a water storage tank has an outcome, which was stated, but not an output, which is the quantity of something produced, especially in a specified period. (Webster’s College Dictionary). Page 21 of the Proposal Solicitation Package does not indicate an additional meaning. If in this project the outcome and the output are the same, it is requested that the information supplied as to outcome be considered in both categories.”

4. It was stated that “Projects 2, 3, 4, and 5 do not include quantitative measurements and tools.” For Project 2 (Coleville High School Water Project), it was clearly stated that “Contract operator will take samples from multiple points and submit all samples to lab for radioactivity analysis,” and that the target of this analysis is 0 pCi/L of uranium.

Project 3 (Round Valley Joint Elementary School’s water supply reliability enhancement): the project proposal states that “measurement will be assessed by completion of definitive tasks along the progress of the project”, but metrics to measure the benefits to the water system were not included.

Project 4 (New Hilltop Well): the project proposal states that “measurement will be assessed by completion of definitive tasks along the progress of the project”, but metrics to measure the benefits to the water system were not included.

Project 5 (Well Rehabilitation – Phase I): Again, the response from the General Manager of Mammoth Community Water District addresses this part of the evaluation: “Project 5’s outcome is completion of one major well profile, and the Phase I report. There is no need for quantitative ‘measurement tools and methods’. The Project 5 application clearly lists these deliverables. Following implementation of actual well modifications (screen intervals, etc.), the assessment of the long term improvements in water quality can begin. That work is not part of the grant funded project, as clearly explained in the work plan and project description.”

5. According to the evaluation, “Projects 3, 4, 5, 7, 10, 11, 12, and 13 do not include quantitative targets.” Again, because Project 5 (Well Rehabilitation – Phase I) is a study, its target is for “well profiling and feasibility study to be conducted in two MCWD groundwater wells.” The other projects indicated here do not provide targets as defined in the PSP. Many of them provide descriptions of anticipated and expected trends, but not threshold targets. Providing an example in the PSP of the Attachment 6 table would have been helpful for the project proponents in developing their performance measures. Also, there was a considerable amount of confusion as to the benefit types and their measurements in the Bond Management System. We would recommend to DWR more clearly linking the benefit types in BMS with the Performance Measures attachment in the PSP.

#### Economic Analysis – Water Supply Costs and Benefits (Score: 6/15)

It is noted in the evaluation that “only average levels of benefits relative to costs can be realized” and later that “the quality of the analysis is partially lacking and supporting documentation was unsubstantiated.” To the former, the benefits that were determined were based on traditional economic analysis based on the skills and abilities of the project proponents themselves. As has been noted elsewhere in this comment letter, the requirements for the proposals and the economic analysis in particular were extremely challenging. Had the region had greater resources to develop more comprehensive analysis, increased benefits relative to costs would be realized. In particular, fully accounting for all benefits is very difficult. For example, how do you fully account for the full suite of benefits in a study that is a foundational step

to providing a rural community water meeting minimal state water drinking standards (Project 1)? In theory, one could determine the avoided health care costs associated with a project that prevents illnesses resulting from sub-standard drinking water (Project 2) as one benefit but doing so is simply not currently a feasible endeavor for the Inyo-Mono region. In a similar manner, how might one assign a value to ensuring a local elementary school does not close and thereby periodically disrupt childhood education due to there not being a functioning back-up well (Project 3). There are surely sophisticated methods to conduct such valuations but such methodological approaches are currently beyond the capabilities and resources available to many of the stakeholders in the region. The goal for the future is to build capacity, through trainings and workshops, to perform more sophisticated economic analyses. There are several projects that were submitted that really speak to providing basic and fundamental water needs/ benefits that contribute to enhancing the “quality of life.” Again, such benefits are very difficult to determine yet are to be realized by the implementation of many proposals included in the Implementation package.

With respect to the latter comment above, that supporting documentation lacking, project proponents provided what they deemed was required to the best of their abilities. Moreover, while the PSP does stipulate certain information that is required, the language in the PSP’s scoring criteria is somewhat ambiguous as to what constitutes “adequate.” Possibly had there been more specific guidance in this regard, project proponents would have been more apt to be sure to include more, rather than less, information.

Lastly, the evaluation notes that supporting documentation was lacking relevant to narrative descriptions of the costs and benefits of project proposal, and specifically, only four of the ten included such narratives. After reviewing the submission, there are five narrative descriptions that were included as attachments (Projects 1, 4, 5, 6 & 9). Additionally, included in the comment sections of various Attachment 7 worksheets were comments describing costs/benefits/avoided costs, included in six of the proposals (Projects 3, 5, 6, 8, 10 & 12). Thus, in actuality, narratives and/or comments were provided for nine out of the ten project proposals that claimed water supply benefits.

#### Economic Analysis – Water Quality and Other Expected Benefits (Score: 6/15)

As noted in the Water Supply Costs and Benefits comment above, there are a multitude of benefits, that if project proponents were able to quantify in a reasonable manner, would have resulted in greatly improved benefit/costs analysis outcomes. Moreover, while recognizing that the empirical outcome of the B/C analysis may have resulted in below average levels (which is disputed in and of itself, and a definition of “below average” is not provided), the evaluation does not accurately take into consideration the relative need of the projects to project proponents and the communities they serve. Hypothetically, there may be a project that has a far-above-average B/C ratio that in reality has relatively little impact on a need. On the other hand, there may be a project, such as many included in the Inyo-Mono Implementation proposal, that apparently had a less-than-average B/C ratio but is of fundamental importance to providing basic water needs. The suggestion here is to broaden the consideration of the value of a project relative to its need and “impact” on a community and to do so in consideration of our application.

The Inyo-Mono Implementation proposal received a score of 6/15 for the Water Quality and Other Expected Benefits criterion apparently in part because one of the projects (Project 14) provides the vast amount of benefits for all six projects and the per acre value of \$600 was not justified and “not reasonable for the region.” It is very unclear the basis for someone outside of the region and potentially unfamiliar with the project’s methodology concluding such a value is not reasonable. Attachment 8 includes a narrative description of Project 14 and associated benefits, including the basis for assessing benefits. The narrative did not provide citations for data, maps etc. that were referenced simply because it was not deemed necessary.

Indeed, the following is a verbatim message provided in response to an inquiry about the basis for using the \$600 per acre figure by Project 14's proponent:

*"The \$600 per acre figure is a lowball figure, and it was based on an estimate derived from a local company's winning bid of work on Perennial pepperweed in rangeland conditions, which is about as similar as I could get to what we would be doing. This particular bid was \$68,000 for 80 acres of management, or \$850 per acre. I took \$250 off the top to ensure we were being conservative, and figured no one could possibly argue with the amount. Additionally, I contacted two local pest control operators and asked if they thought the price per acre was reasonable, and both responded that they felt \$600 per acre was more than reasonable, and that in most cases they were charging between \$800 and \$1200 depending on conditions.*

*I wish I could be more specific about who I consulted and who provided the contract work for LADWP, but I never really expected a fight over this particular detail. We have used that figure quite often in the past and have never been challenged.*

*When one considers that an acre of land, 50% infested with Perennial pepperweed takes us on average one-half day to manage, with five to seven personnel costs between \$375 and \$525 in personnel costs alone, it seems to me that \$600 an acre is quite reasonable. Now not every acre is quite that infested, but we also have equipment costs, supplies costs, herbicide costs, and very significant fuel costs resulting from our location. We only consider the cost to do the work - as a government agency there is no profit motivation, and any estimate of future costs must consider this to an extent as in many instances private contractors will be doing this work in the future. Given that I have been told \$800 to \$1200 is probably the current market rate, I think \$600 is reasonable and I also think this should highlight the really good deal we are basically proposing in our project. We have already built our capacity and have honed our management techniques to incredible efficiency, and I think it would be impossible to ask less without diminishing the value of our proposal."*

Regardless of the source of benefits, the overall Implementation proposal's B/C ratio is significant (13/1) a figure that reflects a substantial return on investment. The figures used in Project 14 were legitimate. Even without Project 14, the B/C ratio is above 2 and for a region such as ours, this is meaningful. It goes without saying that next time around, project proponents will be encouraged to provide any relevant information whatsoever in their proposal submission.

#### Economic Analysis – Flood Damage Reduction (Score: 0/15)

The Inyo-Mono RWMG went through an extensive process in which water related goals, objectives, and resource management strategies were developed. Based on this process, project proposals were solicited, submitted, and then ranked by Members of the Group themselves. What resulted was an original list of 25 projects, two of which had flood-damage reduction actions as a minor component of their proposals. One such proposal submitted on behalf of a Native American Tribe was not completed due to lack of resources, both human and financial in nature. The second project was included in the final list of 15 proposals submitted to DWR, ranked last (Project 15). The outcome of the process noted above illustrated to the RWMG that flood damage was not considered a high priority for the region. Indeed, the goals, objectives, and resource management strategies developed clarified for the Group that while flood-related issues may exist in the region, they are far less critical relative to other priority needs in the region. In essence, the Inyo-Mono RWMG's Implementation proposal was penalized because there were not projects that explicitly addressed flood-damage reduction projects. Moreover, out of concern that the Group had other priority needs, conversations with DWR suggested that the Inyo-Mono proposal would not be at a competitive disadvantage relative to other regions that did include flood-damage reduction

projects simply because the Inyo-Mono projects submitted centered on water supply, water quality and ecosystem health. Therefore the overall scoring for the Inyo-Mono Implementation proposal should have been prorated and thus based on a total score of 70 as opposed to 85, and ranked accordingly.

Arguably Project 15, if funded, would provide minor flood-damage reduction benefits. These benefits, however, were not acknowledged because they were considered to be limited and not the central focus of the project's outcomes (which was the development and implementation of a Stormwater Master Plan for the Town of Mammoth Lakes). It is regretful that even minimal flood-reduction benefits were not included in Project 15's proposal, resulting in at least some score greater than 0 for this criterion.

Program Preferences (Score: 10/10)

The awarding of a full score in this category is appreciated and acknowledges the Inyo-Mono's work to address disadvantaged community needs and high priority water resource issues. The evaluation states "there is a significant degree of certainty that the Program Preferences claimed can be achieved", yet this contradicts the statements in other categories of the evaluation that not enough supporting documentation and rationale was provided to demonstrate that the projects could be completed as described. The Inyo-Mono RWMG is confident that the proposed projects can be undertaken and completed according to the work plans, budgets, and schedules submitted in the Implementation proposal and that being awarded Round 1 Implementation funding will allow the Inyo-Mono effort to maintain its momentum and continue to bring awareness to water-related issues in the region.

Thank you for providing this opportunity to comment on the Round 1 Implementation funding preliminary recommendations. Again, we urge a reconsideration of the specific recommendation for the Inyo-Mono IRWMP. Please feel free to contact us with any questions or to talk further about our funding proposal.

Most sincerely,



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